

Message Text

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ORIGIN EB-07

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DRAFTED BY EB/AN:AJRIMAS:DAP

APPROVED BY EB/AN:RABROWN

ARA/CEN - M. BOVA

CAB - A. FISCH

EUR/NE - J. SHUMATE

EB/AN - J. MAGNOR

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FM SECSTATE WASHDC

TO AMCONSUL BELIZE

AMEMBASSY LONDON

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN SALVADOR

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E.O. 11652: N/A

TAGS: EAIR, UK

SUBJECT: CIVAIR: PROPOSED HMG DESIGNATION OF BELIZE
AIRWAYS LTD. (BAL)

REF: STATE 196033

1. ON AUGUST 13 DISCUSSIONS WERE HELD BETWEEN DEPARTMENT
AND BRITISH EMBASSY/WASHINGTON CONCERNING PROPOSED BAL
DESIGNATION. UK/BELIZE CONTINGENT INCLUDED MIHISTER
SYLVESTRE, AND SAID MUSA. SPOKESMAN FOR UK WAS CHARLES
CRUIKSHANK OF BRITISH EMBASSY.

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2. DEPTOFF STATED THAT USG WAS CONCERNED ABOUT PROPOSED

DESIGNATION FOR THE FOLLOWING FOUR REASONS:

(A) AVAILABLE INFORMATION INDICATES THAT EFFECTIVE OWNERSHIP AND CONTROL OF BAL MAY NOT RESIDE IN NATIONALS OF UK OR BELIZE. FACT THAT 51 PERCENT OF COMPANY'S SHARES ARE NOMINALLY OWNED BY BELIZIANS MAY NOT NECESSARILY SATISFY U.S. LEGAL REQUIREMENT THAT SUBSTANTIAL OWNERSHIP AND CONTROL OF AIRLINE MUST BE BRITISH OR BELIZIAN.

(B) IN ORDER FOR BAL TO OPERATE ON SOUND ECONOMIC

BASIS, IT IS EVIDENT THAT AIRLINE WOULD RELY TO CONSIDERABLE EXTENT ON SUPPLEMENTARY TRAFFIC ORIGINATING IN COUNTRIES BEHIND BELIZE (SIXTH FREEDOM TRAFFIC). THE CARRIAGE OF THIS TYPE OF TRAFFIC IS NOT PROVIDED FOR IN THE U.S.-U.K. BILATERAL AGREEMENT.

(C) DESIGNATION OF BAL FOR ENTIRE ROUTE 5 OF BILATERAL WOULD INCLUDE A NUMBER OF INTERMEDIATE POINTS, SUCH AS CAYMAN ISLANDS, WHICH ARE SERVED BY U.S. AIRLINES. ADDITION OF ANOTHER U.K. AIRLINE ON A SECTOR SUCH AS CAYMAN ISLANDS-MIAMI WOULD HAVE UNDUE EFFECT ON U.S. AIRLINES CONCERNED.

(D) SINCE THE U.S./U.K. AIR TRANSPORT AGREEMENT HAS LESS THAN ONE YEAR TO RUN, AND IT APPEARS UNLIKELY THAT BELIZE-U.S. ROUTE WOULD BE RETAINED IN ANY NEW AGREEMENT, IT WOULD APPEAR UNREASONABLE AT PRESENT TO DESIGNATE AN AIRLINE ON THAT ROUTE.

3. BRITISH RESPONSE TO ABOVE POINTS WAS ALONG FOLLOWING LINES:

(A) HMG IS SATISFIED THAT EFFECTIVE OWNERSHIP AND CONTROL IS IN HANDS OF BELIZIANS AND BELIEVES THAT BAL WILL BE ABLE TO DEMONSTRATE THIS DURING COURSE OF APPROPRIATE ADMINISTRATIVE PROCEEDINGS BEFORE CAB.

(B) PRINCIPAL PURPOSE OF BAL OPERATIONS ON ROUTE 5 WOULD BE TO PROVIDE SERVICES BETWEEN BELIZE AND U.S. LIMITED OFFICIAL USE

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ESTABLISHMENT OF NATIONAL BELIZE AIRLINE WOULD BE IMPROVEMENT OVER CURRENT SITUATION UNDER WHICH THIRD COUNTRY AIRLINES PROVIDE SOLE BELIZE-U.S. SERVICE.

(C) IT IS HMG PRACTICE TO DESIGNATE AIRLINES FOR AN ENTIRE ROUTE, HENCE BAL DESIGNATION FOR ROUTE 5 WOULD NOT CONTAIN LIMITATIONS ON INTERMEDIATE POINTS. HOWEVER, ASSURANCES WERE GIVEN THAT BAL WOULD NOT SERVE CAYMAN

ISLANDS AND WOULD NOT REQUEST OTHER INTERMEDIATE POINTS
AT THIS TIME. FUTURE SERVICE TO INTERMEDIATE POINTS
WOULD NOT BE RULED OUT, HOWEVER.

(D) SINCE U.S./U.K. AGREEMENT CONTINUES IN EFFECT, HMG
BELIEVES DESIGNATION IS APPROPRIATE. IF AND WHEN THE
AGREEMENT EXPIRES, IT WAS HOPED THAT ALTERNATIVE ARRANGE-
MENTS COULD BE MADE IN A MUTUALLY SATISFACTORY MANNER.

4. AFTER CONSIDERABLE DISCUSSION OF ABOVE POINTS,
DEPTOFF REQUESTED THAT HMG RECONSIDER THE PROPOSED
DESIGNATION IN LIGHT OF THE U.S. CONCERNS. CRUICKSHANK

STATED THAT HE WOULD REFER THE MATTER TO HIS PRINCIPALS,
BUT INDICATED THAT HMG WOULD PROBABLY DESIGNATE BAL.
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